GENERAL GOVERNMENT AND STATEWIDE ISSUES

This chapter describes items in the Budget that are statewide issues or related to various departments.

ENHANCING AND PROTECTING ELECTION INTEGRITY

The Budget includes $40 million one-time General Fund to enhance and protect the integrity of California's November 2026 General Election. Of this amount, $39.3 million is for the Secretary of State and counties to expedite the vote-counting process and provide voter outreach and education, and $750,000 is for the Office of Emergency Services. Specifically, the Budget includes:

- $29 million for counties to expedite the vote-counting process through increasing staff to tabulate votes, making technological upgrades, or acquiring more office space to accommodate additional staff or equipment.
- $10 million for voter outreach and education to encourage voter participation, with $5 million allocated to the Secretary of State and another $5 million provided to counties, with the overall aim to expedite the vote-counting process and to perform voter outreach and education.
- $750,000 for the Office of Emergency Services to track dis- and misinformation and for contingency planning.

- $250,000 for the Secretary of State for administrative costs associated with the above efforts.

Tax Policy

Solidifying Structural Balance

The Budget includes three tax revenue policy changes as part of a balanced approach to solidify the state's structural balance:

- **Managed Care Organization (MCO) Tax**—The Budget includes renewal of an MCO Tax effective January 1, 2027. This policy is projected to increase revenue by $575 million in 2026-27, $2.3 billion in 2027-28 and 2028-29, and $1.7 billion in 2029-30 to support the Medi-Cal program and maintain targeted rate increases for primary, maternal, and non-specialty mental health care implemented on January 1, 2024.
- **Business Tax Credit Limitation**—Extends the existing temporary business tax credit limitation of $5 million per year—initially in place for 2024 through 2026—for an additional three years, from 2027 through 2029. This extension continues to allow elective refundability for 2027 through 2029 so that taxpayers impacted by the temporary limitation can fully utilize their credits. Unlike the current limitation that is in effect for 2024 through 2026, the extended temporary limitation does not include a suspension of net operating losses (NOLs). Beginning in 2030, the Budget permanently limits business tax credit use to the greater of $5 million or 70 percent of liability, ensuring that large profitable corporations pay a reasonable minimum level of tax. The limitation is projected to increase General Fund revenue by $1 billion in 2026-27, $3.3 billion in 2027-28, $4.7 billion in 2028-29, and $4.2 billion in 2029-30.
- **Prewritten Software Tax**—Effective January 1, 2027, the existing sales tax on prewritten software delivered on a tangible medium is extended to electronically delivered prewritten software. This is projected to increase General Fund revenue by $450 million in 2026-27 and $900 million in 2027-28 and annually thereafter. Additionally, it is expected to increase local sales tax revenue by $560 million in 2026-27 and $1.1 billion in 2027-28 and annually thereafter.

Other Tax Policy Changes

- **Reduce the $800 Annual Tax for New Businesses by Half**—To encourage the formation of new small businesses, which are a major engine of economic growth in

California, the Budget reduces the $800 annual tax paid by limited liability companies (LLCs), limited liability partnerships (LLPs), and limited partnerships (LPs) in their first year to $400 during the 2027, 2028, and 2029 tax years. This is estimated to benefit approximately 250,000 new businesses each year, providing $100 million in tax relief per year.

- **Low-Income Housing Tax Credit Allocation**—Provides $500 million for an additional year of enhanced state low-income housing tax credits. This change is projected to decrease General Fund revenues by $94 million in 2028-29, $306 million in 2029-30, and $100 million in subsequent years outside of the multiyear period.
- **California Competes Tax Credit**—Extends the California Competes Tax Credit program at its current level of $180 million in annual allocation for five years, from 2028-29 through 2032-33. The tax credit incentivizes businesses to locate or stay in California, and thus to invest, grow, and create quality full-time jobs in the state. Under current law, the program is scheduled to sunset after 2027-28. The extension is expected to decrease General Fund revenue by $8 million in 2029-30, with revenue losses growing in subsequent years.
- **Property Tax Postponement Program**—Effective July 1, 2026, the 1-percent cap on allocation for manufactured homes is replaced with a fixed annual allocation of up to $300,000 to cover all qualified applications from the manufactured homes program subset using the existing available balance in the Property Tax Postponement Fund.
- **Conform to Federal Tax Treatment of 530A Accounts**—Consistent with the state's general practice of conformity to federal law for tax-advantaged savings accounts, effective beginning in tax year 2026, the Budget conforms state law to federal tax treatment of 530A Accounts, ensuring that contributions to and investment growth within these new federal child savings accounts are not taxed. This is estimated to decrease General Fund revenue by $1 million in 2026-27, increasing to $3 million by 2029-30.
- **Taxation of the Anti-Weaponization Fund**—Imposes a 100-percent tax on any settlement payment from the federal "Anti-Weaponization Fund," or any subsequent fund, settlement, or agreement, received by a taxpayer in 2026 through 2029.

Governor's Office of Business and Economic Development

The Governor's Office of Business and Economic Development (GO-Biz) serves as the state's lead entity for economic strategy on issues relating to business development, private sector investment, economic growth, export promotion, permit assistance, innovation and entrepreneurship. The Budget continues the state's commitment to support businesses and maintain investments made in recent years.

Since 2019, GO-Biz has administered various programs promoting inclusive economic growth in California by taking a leadership role with the Jobs First Council to advance economic growth across California, awarding grants to businesses and startups, providing capital access and financing to small businesses, and investing in underserved communities.

Significant Budget Adjustments

- **Civic Media Program**—$10 million General Fund annually in 2026-27 and 2027-28 for the California Civic Media Program, a public-private partnership, to support the work of California's newsrooms, increase access to information, and strengthen community engagement statewide. This funding is in addition to the $10 million General Fund provided in the 2025 Budget Act, increasing the total investment in this program to $30 million General Fund over three years.
- **California Export Promotion Program**—$1.4 million General Fund in 2026-27 and ongoing to support international trade and to provide export promotion services.
- **Innovation and Emerging Technologies**—$400,000 General Fund in 2026-27 and ongoing to engage and grow emerging business sectors such as artificial intelligence, quantum, and cloud/data platforms, among others, by facilitating relationships between the private sector and R1 universities, national laboratories, and federal funding opportunities.

Governor's Office of Service and Community Engagement

The Governor's Office of Service and Community Engagement (GO-Serve) was created on July 1, 2024, and consists of California Volunteers and the Youth Empowerment Commission (YEC). GO-Serve elevates paid service and volunteerism and promotes youth and community engagement to tackle our state's most pressing challenges.

The YEC is funded through June 30, 2027, and has been provided with $1.5 million General Fund annually since 2024-25 to advise and make recommendations on various legislative and fiscal issues affecting youth. The YEC has held a series of statewide listening sessions to ensure that young Californians' voices shape the future of service.

SIGNIFICANT BUDGET ADJUSTMENTS

- **City Year and California Student Success Coach Grant Program**—$10 million one-time General Fund for City Year and $5 million one-time General Fund for the California Student Success Coach Grant Program to support and expand the presence of student success coaches in high-need schools. The 2024 and 2025 Budget Acts provided a total of $10 million one-time General Fund for the California Student Success Coach Grant program.
- **Reading Corps and Math Corps**—$5 million one-time General Fund for Reading Corps and Math Corps, which provide support and services to implement high-impact tutoring and supplemental instruction to students in preschools, elementary, and middle schools.
- **California Men's Service Challenge**—$5 million one-time General Fund to promote the participation of men and boys in service opportunities through the California Service Corps and partner organizations. The Challenge calls on 10,000 young men to step forward as mentors and coaches, offering the care and connection to combat isolation and build belonging.

GOVERNOR'S OFFICE OF LAND USE AND CLIMATE INNOVATION—STATE CLEARINGHOUSE

The Budget includes statutory changes to authorize the Governor's Office of Land Use and Climate Innovation (LCI) to establish and collect fees for the submission of documents to the State Clearinghouse to support the costs of the State Clearinghouse system. The State Clearinghouse is responsible for facilitating the submittal and public hosting of all California Environmental Quality Act (CEQA) documents submitted to the state. These changes also authorize LCI to include additional information in the database, including, but not limited to, information related to planning, permitting, grants, and procurement, for the purposes of facilitating efficient and informed decision making by public agencies and members of the public. This fee authority will support the modernization of the Clearinghouse's CEQAnet and CEQA Submit functions, and allow for faster, more efficient submittal of documentation as well as improved access to information that will streamline the environmental review process for all public agencies.

BUSINESS AND CONSUMER SERVICES

On July 1, 2026, California finalized a plan to reorganize state agencies to better address emerging challenges faced by families and businesses. The new Business and Consumer Services Agency will oversee dozens of boards, bureaus, and departments charged by the Legislature with administering and enforcing laws that protect families and businesses, while also promoting a fair and dynamic economy for all Californians. The Agency's work touches a broad range of sectors of California's economy, including financial services, health care, real estate, retail and hospitality, agriculture, professional services, higher education, and more. The Agency will oversee the following entities:

- Department of Alcoholic Beverage Control
- Alcoholic Beverage Control Appeals Board
- Department of Cannabis Control
- Cannabis Control Appeals Panel
- Department of Consumer Affairs
- Department of Financial Protection and Innovation
- California Horse Racing Board
- Department of Real Estate

CANNABIS

The Department of Cannabis Control (DCC) licenses and regulates commercial cannabis activity and facilitates a legal cannabis market that protects public health, safety, the environment, and local communities in California.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Hemp Enforcement and Regulation**—$7.3 million ($5.6 million Cannabis Control Fund and $1.7 million Cannabis Tax Fund) in 2026-27 and $5 million ($4.1 million Cannabis Control Fund and $852,000 Cannabis Tax Fund) in 2027-28 and ongoing to integrate hemp into the cannabis regulatory framework, as required by Chapter 248, Statutes of 2025 (AB 8). Additionally, $3.3 million ($2.8 million Cannabis Tax Fund and $500,000 Cigarette and Tobacco Products Compliance Fund) in 2026-27, and $3.3 million ($2.6 million Cannabis Tax Fund and $700,000 Cigarette and Tobacco Compliance Fund) ongoing, is proposed for the Department of Tax and Fee Administration to support AB 8 enforcement activities.
- **Enforcement and Legal Affairs Workload**—$7.6 million ($1.2 million Cannabis Control Fund and $6.4 million Cannabis Tax Fund) in 2026-27 and $6 million ($2.1 million Cannabis Control Fund and $3.9 million Cannabis Tax Fund) in 2027-28 and ongoing to support a dedicated sworn officer presence in Northern California to strengthen enforcement efforts against the illegal cannabis market, and to meet the DCC's growing legal workload related to licensing, compliance, legislation, and public records.
- **Cannabis System Integration Project**—$7.2 million Cannabis Control Fund to begin the consolidation of two cannabis systems into one single system to improve data collection and streamline services for cannabis consumers and licensees.

ALLOCATION OF CANNABIS TAX FUND

Proposition 64 specifies the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. Pursuant to Proposition 64, expenditures are prioritized for regulatory and administrative workload necessary to implement, administer, and enforce the Cannabis Act, which is considered Allocation 1. Following this, resources are allocated to research and activities related to the legalization of cannabis and the past effects of its criminalization, which is Allocation 2. Once these priorities have been met, the remaining funds are directed to what are referred to as Allocation 3 programs—youth education, prevention, early intervention, and treatment; environmental protection; and public safety-related activities.

The Budget estimates $414.1 million will be available for Allocation 3 programs in 2026-27 as follows:

- **Education, prevention, and treatment of youth substance use disorders and school retention**—60 percent ($248.5 million)
- **Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation**—20 percent ($82.8 million)
- **Public safety-related activities**—20 percent ($82.8 million)

The Budget includes a one-time shift within the youth, education, prevention, early intervention, and treatment account, from the California Natural Resources Agency to the Department of Social Services, of $11.8 million in 2026-27. This one-time shift will be invested in child care infrastructure, specifically targeted toward communities impacted by recent fires.

Department of Consumer Affairs

The Department of Consumer Affairs (DCA) is responsible for promoting and protecting the interests of millions of California consumers by serving as a guardian and advocate for their health, safety, and economic well-being and by promoting legal and ethical standards of professional conduct. DCA helps promote good business practices to ensure California's consumers receive quality services by establishing minimal competency standards for approximately 250 professions and occupations involving more than three million professionals.

Significant Budget Adjustments

- **Bureau of Private Postsecondary Education: Legal Costs**—$10 million one-time General Fund in 2026-27 to fully repay a loan from the High Polluter Repair or Removal Account to the Bureau's Private Postsecondary Education Administration Fund. The loan, executed in December 2025, was needed to cover legal expenses and settlement costs incurred by the Bureau resulting from a recent judgment.
- **California State Board of Pharmacy: Business Modernization**—$1.7 million one-time Pharmacy Board Contingent Fund, Professions and Vocations Fund in 2026-27 to support the Board of Pharmacy’s initial business modernization activities, including updating outdated information technology systems. These resources will allow the Board to begin maintaining a more substantial online presence where applicants

and licensees can pay fees via credit card, submit application documents online, and allow for self-management of licensing information.

- **State Athletic Commission**—$1.7 million one-time General Fund to temporarily alleviate solvency concerns of the Athletic Commission Fund. Mixed-martial arts and boxing event fee revenues declined significantly during the pandemic and increased legal costs in recent years have put considerable strain on the Athletic Commission Fund, which has not recovered to pre-pandemic levels. One-time General Fund resources will allow the Commission to continue its oversight responsibilities while developing a long-term solvency plan prior to the Commission's January 1, 2029 sunset.
- **Board of Registered Nursing**—$1.4 million Board of Registered Nursing Fund, Professions and Vocations Fund in 2026-27 and ongoing to support eight special investigators that will address increased investigatory workload resulting from the increased number of consumer complaints against registered nurses.

DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

The Department of Financial Protection and Innovation (DFPI) serves Californians by effectively overseeing financial service providers; enforcing laws and regulations; promoting innovation and fair and honest business practices; enhancing consumer awareness; and protecting consumers by preventing potential marketplace risks, fraud, and abuse.

SIGNIFICANT BUDGET ADJUSTMENTS

- **California Consumer Financial Protection Law (CCFPL)**—$15.3 million Financial Protection Fund annually through 2029-30 to continue implementing Chapter 157, Statutes of 2020 (AB 1864), which expanded DFPI's authority to oversee financial products and services previously not regulated by the department. These resources will sustain existing positions that are critical to support programs under the CCFPL, including the Consumer Financial Protection Program, the Office of Financial Technology Innovation, enforcement and legal efforts, and the Office of the Ombuds.
- **Debt Collector Licensing and Regulation**—$13.5 million Financial Protection Fund annually through 2029-30 to continue implementing Chapter 163, Statutes of 2020 (SB 908), the Debt Collection Licensing Act, which requires DFPI to license, regulate, and examine debt collectors. These resources support existing positions across the

department, including the Debt Collector Program, which reviews license applications and performs routine and targeted examinations of debt collectors and debt buyers operating in California.

- **Franchise Brokers Registration System Enhancements**—$125,000 one-time Financial Protection Fund in 2026-27 for costs associated with modifying the Franchise Registration and Securities Electronic Submissions System. Pursuant to Chapter 518, Statutes of 2024 (SB 919), third-party franchise brokers are required to register with DFPI prior to affecting the sale of the franchise. System modifications will allow DFPI to collect applications for registration and point of contact information, registration documents for franchisees, and fee payments, beginning July 1, 2027.

California Horse Racing Board

The California Horse Racing Board regulates parimutuel wagering for the protection of the public and promotes the horse racing and breeding industries.

Significant Budget Adjustment

- **Fee Relief**—$8 million one-time General Fund over two years to provide partial fee relief to horse racing associations licensed by the Board. These temporary resources will partially offset reduced racing association revenues due to declining horse racing events across the state in recent years.

California Privacy Protection Agency

The California Privacy Protection Agency (CalPrivacy) implements and enforces the California Consumer Privacy Act of 2018 (CCPA), as amended, and has several responsibilities including rulemaking in a highly complicated, technical, sometimes contested, and nuanced area; supporting awareness across California's diverse population of issues related to privacy and data security, including the new rights provided to them by the law; and administrative enforcement of those rights.

Significant Budget Adjustments

- **Enforcement Resources**—$1.6 million (split across the Data Brokers' Registry Fund and the Consumer Privacy Fund) in 2026-27 and $1.5 million in 2027-28 and ongoing to address increased consumer complaints and open investigations related to

CCPA violations, and to begin enforcing the California Delete Act, which is expected to increase CalPrivacy's enforcement workload.

- **Delete Request and Opt-out Platform (DROP)**—$2.2 million one-time Data Brokers' Registry Fund in 2026-27 to address increased costs associated with the release of DROP, which has received higher than anticipated consumer interest since its launch in January 2026.

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

California leads the nation in agricultural production with nearly 63,000 farms and ranches generating approximately $61.2 billion in annual sales. Farmers and ranchers play a key role in food security for Californians, the nation, and the world. The state leads national production both in variety and abundance, with over 400 different crops, some exclusive to California, making up nearly half of the vegetables and over three quarters of the fruits and nuts grown in the United States. The California Department of Food and Agriculture (CDFA) works diligently to safeguard this critical resource and support a resilient food system that is globally recognized for innovation, quality, and sustainability.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Farm to School**—An increase of $24.6 million General Fund in 2026-27 ($25.2 million ongoing) and statutory changes to provide ongoing funding for the Farm to School supply chain. The Farm to School Incubator Grant program increases the number of California schools offering children access to local, climate smart, and nutritious food, as well as nutritional education programs. Additionally, this proposal supports farmers in the adoption of climate smart agricultural practices and market development to ensure they can access their local school food procurement programs.
- **Plant Health and Pest Prevention Programs**—An increase of $10.5 million General Fund ongoing to maintain critical pest detection activities, offsetting a proposed reduction by the U.S. Department of Agriculture (USDA) of $10.5 million in federal funds for this program. Invasive fruit flies are a threat to California's natural and working lands. CDFA runs a statewide program in partnership with USDA and County Agricultural Commissioners to rapidly detect, identify, and eradicate these invasive pests before they can irreparably harm valuable state resources.

- **Industrial Hemp Program Transition**—An increase of $8.4 million General Fund one-time to offset lower than expected fee revenues in recent years for the implementation of the Industrial Hemp Program. The program was originally intended to be funded through fees. However, the industry is not large enough to support a state-managed program that is compliant with federal requirements. The Administration looks forward to working with the Legislature over the summer to shift industrial hemp from a state-managed program to the federal hemp program established by the USDA to lower costs for industrial hemp growers in California.
- **Animal Care Program (Proposition 12)**—An increase of $7.9 million General Fund, including $2.8 million ongoing, to implement the Animal Care Program and comply with Proposition 12. Passed by the voters in 2018, Proposition 12 established the Animal Care Program, and a portion of this program was intended to be supported by fees. However, in consideration of multiple, ongoing legal challenges to this law, including from the federal government, CDFA has held off from setting these fees.

EMPLOYEE COMPENSATION AND COLLECTIVE BARGAINING

The Budget includes $307.2 million ($138.1 million General Fund) in 2026-27 for increased employee compensation and projected health care and dental premiums for active state employees for the 2027 plan year.

Collective bargaining negotiations are ongoing with nine bargaining units represented by the Service Employees International Union, whose contracts have expired.

STATE RETIREMENT CONTRIBUTIONS

Over the last decade, the state implemented significant measures to address its retirement liabilities through public pension law reform, implementation of funding strategies to pay down unfunded pension and retiree health benefits, and the allocation of billions of dollars in supplemental funding beyond the required annual contributions to the California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS).

The Administration remains committed to the security of state retiree benefits and the long-term sustainability of state pension systems. Between fiscal years 2019-20 and 2025-26, the state contributed a total of $15.4 billion towards the state's unfunded retirement liabilities, and an additional $13 billion in Proposition 2 (2014) debt repayment funding is estimated to be available in 2026-27 to 2029-30. In 2026-27, the Budget reflects $3.6 billion in available Proposition 2 funding, including a $3 billion supplemental pension payment to help reduce the state plans' unfunded liabilities.

- **CalPERS Contributions**—The Budget includes $9.6 billion ($5.2 billion General Fund) for the state's contribution to CalPERS. Included in the total contributions is $737.4 million one-time General Fund for the California State University retirement costs. This contribution amount is a $634.7 million ($289.3 million General Fund) increase from 2025-26.
- **CalSTRS Contributions**—The Budget includes $4.8 billion General Fund for state contributions to CalSTRS. This is roughly $150.6 million more than the contributions included in 2025-26, due mainly to the growth in creditable compensation for state teachers from 2023-24 to 2024-25.

The State Retirement and Health Care Contributions figure below provides a historical overview of pension and health care benefit contributions to CalPERS, CalSTRS, the Judges' Retirement System (JRS), the Judges' Retirement System II (JRS II), and the Legislators' Retirement System (LRS).

State Retirement and Health Care Contributions [1/ 2/ 3/]

(Dollars in Millions)

	CalPERS	CSU CalPERS	CalSTRS	JRS	JRS II	LRS[5/]	Active Health & Dental[6/]	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding[7/]
2017-18	$ 5,188	$ 661	$ 2,790	$ 199	$ 80	$ 1	$ 3,192	$ 1,695	$ 285	$ 189
2018-19	5,506	683	3,082	194	84	1	3,255	1,759	313	394
2019-20	5,946	716	3,323	242	91	1	3,371	1,844	326	562
2020-21	4,925	680	3,428 [4/]	225	84	1	3,398	1,938	339	600
2021-22	5,363	677	3,862	194	91	1	3,501	2,019	356	1,292 [8/]
2022-23	7,475	744	3,712	208	86	1	3,731	2,208	392	735
2023-24	7,728	744	3,939	211	89	0	4,139	2,417	428	711
2024-25	6,325	609	4,257	217	92	0	4,574	2,577	454	663
2025-26	8,700	731	4,632	181	95	0	4,986	2,861	539	32
2026-27[9/]	8,908	737	4,782	214	109	1	5,433	3,205	605	0

1/ The chart does not include contributions for the University of California pension or retiree health care costs.

2/ The chart does not reflect the following pension payments: $6 billion supplemental payment to CalPERS in 2017-18 authorized by Chapter 50, Statutes of 2017 (SB 84), additional payments to CalPERS and CalSTRS authorized in Chapter 33, Statutes of 2019 (SB 90), Chapter 859, Statutes of 2019 (AB 118), Chapter 78, Statutes of 2021 (AB 138), Chapter 67, Statutes of 2022 (SB 191), Chapter 39, Statues of 2023 (AB 130), Chapter 52, Statues of 2024 (AB 171), Chapter 4, Statutes of 2025 (SB 101), and Proposition 2 payments to CalPERS approved in the 2026 Budget Act.

3/ In addition to the Executive Branch, this chart includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS. Amounts displayed in the CalPERS column include statewide contributions to the five CalPERS state plans, including contributions from employers that are not displayed in the annual Budget Act.

4/ As part of the 2020 Budget Act, the Teachers' Retirement Board's statutory authority to adjust the state contribution rate for fiscal year 2020-21 was suspended. The amount shown excludes the additional $297 million in supplemental pension payment from Proposition 2 debt payment funding authorized in the 2021 Budget Act.

5/ In certain years, no state employer contributions to the Legislators' Retirement System are included as the fund was in a surplus position due to the termination of all active members. The 2026 Budget Act includes $1.1 million in required contributions for 2024-25, 2025-26, and 2026-27 due to the negative impacts of investment losses and cost of living adjustments experienced by the fund in more recent years.

6/ These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and the California State University (CSU).

7/ Amount reflects the employer contribution to pay down the Other Post-Employment Benefits (OPEB) unfunded liability. The 2025-26 and 2026-27 employer contributions reflects suspension in OPEB contribution pursuant to labor agreements reached in 2025.

8/ Amount includes $616 million to help ensure full funding by 2046, which is provided by the employer on behalf of the employees, based on the actuarial liability for each bargaining unit, as employee prefunding contributions were suspended in 2020-21 due to the Personal Leave Program 2020.

9/ Estimated as of the 2026 Budget Act, contributions sourced from the General Fund are estimated to be $4.5 billion for CalPERS, $737 million for CSU CalPERS, and $2.7 billion for Active Health and Dental. Fiscal year 2026-27 contributions to CalSTRS, LRS, JRS, JRS II, and Retiree Health & Dental (including CSU) are funded entirely by the General Fund.

Various Departments

Significant Budget Adjustments

- **Vehicle License Fee Backfill**—$80 million one-time General Fund in 2026-27 to backfill 2024-25 insufficient Educational Revenue Augmentation Fund amounts for the counties of Alpine, Mono, and San Mateo.

- **Franchise Tax Board: CalFile Resources Realignment**—General Fund reductions of $921,000 in 2026-27, $2.3 million in 2027-28, and $2.7 million in 2028-29 and ongoing to reflect savings associated with ceasing efforts to link the Board's CalFile system to the recently discontinued federal Internal Revenue Service's Direct File system. Instead, the Board will retain a reduced level of resources to complete a modified upgrade of CalFile by implementing the ability to upload federal information, modernize the user experience, and allow first-time and CalEITC filers to utilize this service.

- **Department of Tax and Fee Administration: Operational Savings**—Ongoing reduction of $10 million General Fund beginning in 2026-27 to reflect anticipated operational savings. The department can absorb this reduction without impacts to its operations or ability to meet statutory requirements.

- **Poppy: California's Digital Assistant**—In response to Governor Newsom's 2023 Generative Artificial Intelligence (GenAI) Executive Order, the California Department of Technology built Poppy, a secure, state-built GenAI platform aimed at enhancing government operations while protecting state data. Poppy gives agencies access to a secure and trusted GenAI tool designed specifically to support the work of government employees. The Budget includes $1 million Technology Services Revolving Fund to scale Poppy more broadly across state departments.

- **Workforce Pell Grant Program Implementation**—$1.3 million one-time General Fund to the Government Operations Agency for the increased data collection activities required by the Cradle-to-Career Data System related to the federal Workforce Pell Grant Program, as authorized under the House of Representatives (H.R.) 1 of 2025.

- **Women's Wealth Working Group**—$1.5 million one-time General Fund for the Commission on the Status of Women and Girls to implement the Women's Wealth Working Group and Gender Equity Summits.

- **Arts Council**
  - **Cultural Programming**—$5 million one-time General Fund to support arts and cultural programming that showcases California artists and communities for the 2028 Olympic and Paralympic Games.
  - **Protagonist Black**—$5 million one-time General Fund for Protagonist Black to increase the number of books in homes in marginalized communities.
  - **Actors' Gang**—$1.8 million one-time General Fund for the Actors' Gang Prison project to provide theater arts programming in prisons and reentry facilities.